

Message Text

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PAGE 01 ANKARA 02352 311022Z
ACTION EUR-12

INFO OCT-01 ISO-00 H-01 EB-08 OPIC-03 L-03 COME-00
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E.O.11652: N/A
TAGS: BDIS, TU
SUBJECT: TURKISH PROBLEMS WITH U.S. COKING COAL SUPPLIERS

REFS: (A) ANKARA 1612, (B) ANKARA 886

1. FOLLOWING RECENT DEVELOPMENTS ON THIS SUBJECT MAY BE OF
INTEREST TO DEPARTMENTS OF STATE AND COMMERCE.

2. TURKISH IRON AND STEEL ADMINISTRATION (TDCI) ON MARCH 22
ADDRESSED A LETTER TO COMMATT REQUESTING ASSISTANCE IN CONTACTING
NATISCO AND THOMAS J. PALMER, AND IN COLLECTING SUM OF OVER
ONE MILLION DOLLARS TDCI ALLEGES STILL DUE IT IN CONNECTION
WITH NATISCO NON-PERFORMANCE OF CONTRACT TO DELIVER 660 THOUSAND
LONG TONS OF COKING COAL IN 1975 AND 1976 (REF A). TDCI STATES
IT HAS ALREADY COLLECTED U.S. DOLLARS 522,000 GUARANTEE POSTED
BY NATISCO BUT BALANCE OF U.S. DOLLARS 1,464,924.33 IS STILL OWED.
TDCI CLAIMS IT HAS TRIED WITHOUT SUCCESS TO CONTACT BOTH NATISCO
AND PALMER, AS WELL AS A ST. LOUIS FIRM OF WILLIAMS AND RUBIN
ORIGINALLY INVOLVED, AND REQUESTS OUR ASSISTANCE IN DETERMINING
EXACT ADDRESSES. COPIES OF LETTER AND INFORMAL TRANSLATION
POUCHED TO EUR/SE - ROBIN DELABARRE.

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3. ON MARCH 15 AN ARTICLE APPEARED IN BIRLIK HABERLERI, A BE-
MONTHLY PUBLICATION OF UNION OF CIVIL ENGINEERS AND ARCHITECTS,
ALLEGING THAT TURKEY HAD "SUFFERED A LOSS OF 618 MILLION
TURKISH LIRA" ON IMPORTS OF COKING COAL FROM U.S. FOR ISKENDERUN
STEEL MILL. BASIS FOR THIS FIGURE NOT CLEAR, BUT LOSS IS
SAID TO HAVE BEEN RESULT OF FACT CONTRACT WAS MADE BY TDCI

WITH "IMAGINARY" U.S. FIRMS NATISCO AND HY-TEST FOR LARGE QUANTITY OF COKING COAL AT WELL ABOVE WORLD MARKET PRICES AND WITH HIGHER THAN NORMAL SULFUR CONTENT. QUALITY OF SOME OF COAL EVENTUALLY DELIVERED, ACCORDING TO ARTICLE, IN FACT FELL FAR BELOW EVEN THESE LOWERED STANDARDS. ARTICLE CONTENDS ALTERNATIVE SOURCES SUCH AS INDIA, MOZAMBIQUE AND NORTH VIETNAM SHOULD HAVE BEEN INVESTIGATED BUT WERE NOT. TRANSLATION OF THIS ARTICLE ALSO BEING POUCHED TO EUR/SE.

4. FINALLY, IN EARLY MARCH, EMBASSY WAS APPROACHED BY ONE I.N. BASAY, APPARENTLY A U.S. RESIDENT OF TURKISH ORIGIN, WHO IDENTIFIED HIMSELF AS PRESIDENT, U.S. FIRST CENTRAL HOLDING CO., P.O. BOX 552, CARROLLTON, TEXAS 75006. BASAY COMPLAINED THAT HE HAD MADE AGREEMENT WITH TDCI TO SUPPLY LARGE QUANTITY OF COKING COAL FOR 1977 DELIVERY, BUT THAT AFTER ACCEPTING SAMPLE SHIPMENT (WHICH TURKS REQUIRING ON ALL CURRENT DELIVERIES) TDCI HAD SUDDENLY AND WITHOUT EXPLANATION REVOKED LETTER OF CREDIT UNDER WHICH FURTHER SHIPMENTS WERE TO HAVE BEEN MADE. WE MADE LOW-KEY INQUIRY AT TDCI AND WERE TOLD THAT AFTER INITIAL AGREEMENT WITH FIRST CENTRAL, TDCI REPRESENTATIVE HAD ATTEMPTED TO VISIT FIRM'S OFFICES IN U.S. TO VERIFY ITS EXISTENCE BUT WERE UNABLE TO LOCATE ANY COMPANY BY THAT NAME. IN ADDITION TDCI LEARNED IN COURSE OF CREDIT CHECKS THAT PARTNER IN FIRM HAD FEDERAL CRIMINAL RECORD. TDCI THEREFORE WANTED NOTHING TO DO WITH FIRST CENTRAL BUT WOULD BE GLAD TO REFUND BOND AND TERMINATE RELATIONSHIP. WE ARRANGED APPOINTMENT FOR BASAY TO SEE TDCI OFFICIALS AND HAVE HEARD NOTHING FURTHER FROM HIM.

5. COMMENT. TDCI, STILL SENSITIVE TO CRITICISM OF PAST LIMITED OFFICIAL USE

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PURCHASES OF COKING COAL FROM "NON-EXISTENT" U.S. FIRMS (REF B, PAGE 2), IS CURRENTLY EXERCISING EXTREME CARE IN MAKING FURTHER CONTRACTS. THEY ALSO CAN BE EXPECTED TO PRESS VERY HARD FOR RECOVERY OF LOSSES EXPERIENCED IN THE PAST, WHICH DOES NOT MAKE MR. PALMER'S PROSPECTS LOOK PARTICULARLY GOOD. HOWEVER, WE ARE TOLD BY TDCI IT STILL CONTRACTING WITH U.S. SUPPLIERS, THOUGH ONLY WITH LARGE, REPUTABLE FIRMS. WE ALSO UNDERSTAND AUSTRALIANS HAVE RECENTLY BECOME QUITE ACTIVE IN THIS MARKET.

6. UNLESS INSTRUCTED TO THE CONTRARY, ON STEPS WE WILL TAKE TOWARD ASSISTING TDCI, AS IT HAS REQUESTED, IN COLLECTING FROM PALMER WILL BE TO PROVIDE ADDRESSES IF AVAILABLE AND OTHERWISE FACILITATE CONTACT BETWEEN TWO SIDES. TO THIS END WOULD APPRECIATE DEPARTMENT PROVIDING, IF APPROPRIATE, ADDRESS AT WHICH PALMER CAN BE CONTACTED BY TDCI. END COMMENT.
MACOMBER

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Sent Date: 31-Mar-1977 12:00:00 am
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